

ORIGINAL



BEFORE THE ARIZONA CORPORATION COMMISSION

25D

COMMISSIONERS

2006 DEC 20 P 2:09
JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON AZ CORP COMMISSION
KRISTIN K. MAYES DOCUMENT CONTROL
BARRY WONG

IN THE MATTER OF:

ARIZONA WATER COMPANY, AN ARIZONA CORPORATION,

Complainant

vs.

GLOBAL WATER RESOURCES, LLC, A FOREIGN LIMITED LIABILITY COMPANY; GLOBAL WATER RESOURCES, INC., A DELAWARE CORPORATION; GLOBAL WATER MANAGEMENT, LLC, A FOREIGN LIMITED LIABILITY COMPANY; SANTA CRUZ WATER COMPANY, LLC, AN ARIZONA LIMITED LIABILITY CORPORATION; PALO VERDE UTILITIES COMPANY, LLC, AN ARIZONA LIMITED LIABILITY CORPORATION; GLOBAL WATER – SANTA CRUZ WATER COMPANY, AN ARIZONA CORPORATION; GLOBAL WATER – PALO VERDE UTILITIES COMPANY, AN ARIZONA CORPORATION; JOHN AND JANE DOES 1-20; ABC ENTITIES I-XX.

Respondents.

DOCKET NO. W-01445A-06-0200
SW-20445A-06-0200
W-20446A-06-0200
W-03576A-06-0200
SW-03575A-06-0200

Arizona Corporation Commission
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PROCEDURAL ORDER

BY THE COMMISSION:

On March 29, 2006, Arizona Water Company ("AWC") filed a complaint against Global Water Resources, LLC, Global Water Resources, Inc., Global Water Management, LLC, Santa Cruz Water Company, LLC, Palo Verde Utilities Company, LLC, Arizona Global Water – Santa Cruz Water Company and Arizona Global Water – Palo Verde Utilities Company (collectively "Respondents").

On April 24, 2006, the Respondents filed an Answer to the Complaint and a Motion to Dismiss.

A procedural conference was conducted on June 15, 2006 to discuss pending procedural

1 matters. During the procedural conference, the Commission's Utilities Division Staff ("Staff")
2 represented that it was processing Docket No. W-00000C-06-0149¹ on an expedited basis, and that
3 Staff expected to bring its recommendation regarding the Generic Docket before the Commission
4 sometime in August 2006 (Tr. 29). As a result, AWC agreed with Staff's recommendation to hold its
5 Complaint in abeyance pending the Commission's consideration of the issues presented in the
6 Generic Docket (Tr. 55).

7 On July 7, 2006, AWC, the Respondents, and Staff filed briefs regarding the advisability of
8 invoking injunctive relief regarding the activities of the Respondents' unregulated affiliates and the
9 Commission's authority to grant injunctive relief in this proceeding.

10 By Procedural Order issued July 14, 2006, AWC's Motion to Dismiss was denied in
11 accordance with the ruling made at the June 15, 2006 procedural conference, and AWC's Complaint
12 in the above-captioned docket was ordered held in abeyance pending the Commission's consideration
13 of the issues raised in the above-referenced Generic Docket.

14 On September 7, 2006, AWC filed a Request for Oral Argument/Disposition of its Request
15 for Injunctive Relief.

16 On September 13, 2006, the Respondents filed a Response to AWC's Request for Oral
17 Argument or Disposition of its Request for Injunctive Relief.

18 By Procedural Order issued September 20, 2006, Staff was directed to file a statement
19 regarding the status of its recommendation in the Generic Docket, and oral argument was scheduled
20 for September 28, 2006 regarding AWC's request for injunctive relief.

21 By Procedural Order issued September 26, 2006, Staff request for an extension of time was
22 granted, and the procedural conference was rescheduled for October 4, 2006.

23 The October 4, 2006 procedural conference/oral argument was held as scheduled. At the
24 procedural conference, Staff indicated that its Staff Report in the Generic Docket would be filed soon
25 thereafter.

26 On October 6, 2006, Staff filed a Staff Report in the Generic Docket addressing the
27

28 ¹ *In the Matter of the Commission's Generic Evaluation of the Regulatory Impact From the Use of Non-Traditional Financing Arrangements by Water Utilities and Their Affiliates* ("Generic Docket")

Comments that had been received regarding regulatory treatment of non-traditional funding mechanisms. Although Staff concluded that Infrastructure Coordination and Finance Arrangements ("ICFAs") should be treated as advances or contributions instead of equity for ratemaking purposes, Staff did not address the issue of whether entities which employ non-traditional financing arrangements, such as ICFAs, should be considered public service corporations or otherwise subject to the Commission's jurisdiction.

IT IS THEREFORE ORDERED the Staff shall file, by January 19, 2007, a legal brief addressing the issue of whether entities which employ non-traditional financing arrangements, such as ICFAs, should be considered public service corporations or otherwise subject to the Commission's jurisdiction. Staff's brief should also discuss any other issues that may be relevant to the Commission's consideration of whether it should assert jurisdiction over ICFAs and the entities employing such arrangements and, if so, what action should be taken regarding such devices.

IT IS FURTHER ORDERED that responses to Staff's brief shall be filed by no later than February 2, 2007.

IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

Dated this 20th day of December, 2006



DWIGHT D. NODES
ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

Copies of the foregoing mailed/delivered this 20th day of December, 2006 to:

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